



NATIONAL RECONNAISSANCE OFFICE

*Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715*



10 November 2010

MEMORANDUM FOR CHIEF, PERSONAL SECURITY DIVISION

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims
(Case Number 2010-097 I)

(U//~~FOUO~~) On 6 May 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on an allegation that a Lockheed Martin Space Systems Company (LMSSC) employee had engaged in labor mischarging by charging hours to an NRO contract for which she did not actually do work. Please see the attached NRO OIG investigative summary report, which details the investigation results.

(U//~~FOUO~~) We request that you place a copy of this report in the security file of the individual identified within along with a notation in the appropriate security databases. The OIG investigative reports are to be read only by the individuals to whom OIG provides them, or to whom OIG specifically authorizes their release. If you believe other individuals require access to this report as part of their official duties, please let us know, and we will promptly review your request.

(U//~~FOUO~~) Please direct any questions regarding this summary to Investigator [redacted] at secure [redacted].

(b)(3)

Assistant Inspector General
for Investigations

(b)(3)

Attachment:
(U//~~FOUO~~) Investigative Summary

INVESTIGATIVE SUMMARY

False Claims - [REDACTED]
(Case Number 2010-097 I)

(b)(3)
(b)(7)(c)

(U) INVESTIGATIVE FINDINGS

(U//~~FOUO~~) On 6 July 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed a joint investigation with Lockheed Martin Space Systems Company (LMSSC) into allegations that an LMSSC employee, [REDACTED], had engaged in labor mischarging. The joint investigation was based on a notification from the Associate General Counsel, LMSSC, that the company had sufficient reason to believe that [REDACTED] had mischarged an NRO contract by claiming hours that she did not actually work. [REDACTED] was working as an Administrative Assistant in Sunnyvale, California. She directly charged NRO contract [REDACTED] from [REDACTED]

(b)(3)

(U//~~FOUO~~) The joint investigation provided sufficient evidence to support an OIG conclusion that [REDACTED] violated *18 United States Code Section 287*, "False, Fictitious, and Fraudulent Claims," which makes it unlawful for anyone to make a claim that is knowingly false to a department of the United States Government. The facts demonstrated that [REDACTED] had mischarged 195 direct labor hours to an NRO contract for a fully burdened amount of [REDACTED]. On 3 May, [REDACTED] provided a statement that did not directly address the allegations; noting only that her performance has always been good and that she would never cause harm to the company. LMSSC disciplined [REDACTED] by terminating her employment on [REDACTED]. The OIG verified that LMSSC reimbursed the NRO for the full amount of [REDACTED]. The OIG presented this case to the Department of Justice, which declined prosecution. The OIG considers this investigation closed.

(b)(3)

(U) INVESTIGATIVE DETAILS

(U//~~FOUO~~) On 22 April 2010, [REDACTED] Associate General Counsel, LMSSC, notified¹ the NRO OIG that his company had sufficient reason to believe that [REDACTED] had mischarged an NRO contract by claiming hours that she did not actually work. The allegations that [REDACTED] was not putting in a full day's work began soon after she reported to a new assignment in August 2009. [REDACTED], a co-worker who was collocated with [REDACTED], noticed that she arrived late, took longer than one-hour lunches, and left early. It became clear to [REDACTED] that [REDACTED] was not working all the hours she was required to work. [REDACTED] also started to receive complaints from other employees that [REDACTED] was often absent from her desk and was not supporting the department as needed.

(b)(7)(c)
(b)(6)

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

¹ (U) Per requirements in the NRO Acquisition Manual (N52-203-001) and the Federal Acquisition Regulation (52.2013.13), NRO contractors must report to the NRO Inspector General possible violations of federal law related to an NRO contract.

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

(U//~~FOUO~~) [redacted] discussed her concerns with their supervisor [redacted]. [redacted] stated that he had the same observations and believed that [redacted] was not putting in a full day's work. [redacted] also told [redacted] that she believed [redacted] was spending too much time on the computer conducting personal business. With [redacted] approval, [redacted] began recording [redacted] time.

(U//~~FOUO~~) [redacted] tracked [redacted] time from [redacted]. [redacted] She provided the results to [redacted] and human resources. Human resources initiated an investigation covering the period [redacted].

(b)(7)(c) [redacted] was the lead LMSSC investigator for this case. She completed her investigation and submitted the report to senior management on [redacted].

(U//~~FOUO~~) On 30 June 2010, LMSSC provided the OIG with a copy of its company Investigation Report, which included a copy of its Digital Investigations Report, the review of building access records, and interviews with [redacted], [redacted], and [redacted]. LMSSC concluded that [redacted] was spending an inappropriate amount of time each day reading her personal e-mail and viewing non-work related websites. The forensic report also showed large periods of inactivity.

(U//~~FOUO~~) LMC Investigator [redacted] interviewed [redacted] on 29 April 2010. She explained the allegations of labor mischarging. She also detailed the efforts undertaken as part of the investigation, including the monitoring of [redacted] computer and the analysis of access records. [redacted] noted that [redacted] was reporting 9 hours of work each day, but the evidence revealed that she was only physically present for 8.5 hours on average each day, including her lunch time. She also noted that on a 9-hour schedule, [redacted] should be working 10 hours per day, with lunch. She then afforded [redacted] an opportunity to refute the allegations made against her.

(b)(7)(c)
(b)(6)

(U//~~FOUO~~) According to Investigator [redacted], [redacted] seemed surprised to hear that she was not working her full complement of hours. [redacted] stated that she logs onto her computer when she reports to work at 8:30 am. She said she spends between 90-95 percent of her time on the computer while she is at work. [redacted] stated that she sometimes reads in her car during lunch and may have stayed out there longer than she intended. On 3 May, [redacted] provided a statement that did not directly address the allegations; noting only that her performance has always been good and that she would never cause harm to the company. [redacted] concluded that [redacted] explanations did not adequately account for her time.

(b)(7)(c)
(b)(6)

(U//~~FOUO~~) In determining the amount of time mischarged, LMSSC considered arrival and departure times and time spent online engaged in non-work activities. [redacted] determined that [redacted] mischarged 30 hours in the [redacted] period of monitoring. Based on the substantiation during this short period, LMSSC extrapolated the results and applied them to the entire time [redacted] worked on the NRO contract. Using this formula, LMSSC determined that [redacted] had mischarged a total of 195 hours. These hours represent [redacted] at the fully burdened rate. The OIG considered all investigative steps taken by LMSSC sufficient, including its interview of [redacted]. The OIG did not conduct a secondary subject interview.

(b)(7)(c)
(b)(6)

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

(U//~~FOUO~~) At the completion of the internal investigation, the LMSSC team reported to the company's Administrative Review Committee (ARC) that they had substantiated the allegation of labor mischarging against [redacted]. The ARC recommended termination.

(U) CONCLUSION

(U//~~FOUO~~) LMSSC and the OIG determined that [redacted] mischarged 195 hours to NRO contract [redacted] with a fully burdened cost of [redacted]. As a result, she was debriefed of her NRO-sponsored clearance on [redacted] and LMSSC terminated her employment on [redacted]. LMSSC reimbursed the NRO the full amount of [redacted] and completed the labor cost transfer to adjust the 195 hours on 9 June 2010. On 30 June 2010, OIG Investigator [redacted] verified the credit to the NRO. (b)(3)

(U//~~FOUO~~) On 6 July 2010, the OIG presented the facts of this case to Mr. David Callaway, Criminal Division, United States Attorney's Office (USAO) for the Northern District of California, who declined prosecution due to the Department of Justice's limited resources, full restitution to the government by LMSSC, and lack of jury appeal. (b)(3)

(U//~~FOUO~~) The evidence developed in this case supports the OIG conclusion that [redacted] actions constituted a violation of *18 United States Code Section 287*, "False, Fictitious, and Fraudulent Claims." Given the declination of prosecution, the reimbursement to the NRO for the mischarged hours, and [redacted] termination, there is no further investigative action required. The OIG considers this investigation closed.